Iowa Telecommunications & Technology Commission
Grimes State Office Building, 1st Floor
400 E. 14th Street, Des Moines, IA 50319

FINAL

September 19, 2013

To ensure the most efficient use of State resources, the September 19, 2013 ITTC meeting was held via video conference pursuant to Iowa Code section 21.8. A video conference also ensured more Commissioners were able to participate in the meeting and reduced the risk of delays caused by weather or other impediments to travel. The meeting was accessible to members of the public through attendance at the Grimes State Office Building.

Commissioners Present
Richard Bruner, Chair (on-site)
Robert R. Hardman, Member (on-site)
Mary Sellers, Member (on-site)
Kathleen Kohorst, Member (on-site)
Mary Mosiman, Ex-Officio Member (on-site)

Commissioners Absent
Timothy Lapointe, Member

Iowa Communications Network Staff Present:
David Lingren, Executive Director
Mark Johnson, Administration Director
Ric Lumbard, Network Operations and Engineering Director
Philip Groner, Business Services Manager
David Marley, Network Operations and Engineering Manager
Deb Evans, Finance Manager
Helen Troyanovich, Product Engineering and Delivery Manager
Lori Larsen, Communications Director
Marcia Page, Executive Secretary
Karen Alessio, Secretary (Recorder/Minutes)

Guests:
Sean Cory, CenturyLink
Joe Hrdlicka, Iowa Telecommunications Association (ITA)
Ralph Porter, Attorney General's Office
Joe Coon, AEA 9 (via video)

Call to Order

Chair Bruner called the meeting to order at 10:34 a.m. It was noted that a quorum of members was present for the meeting.

Approval of July 18, 2013 Meeting Minutes

Commissioner Sellers moved to approve the July 18, 2013, ITTC minutes as written.
Commissioner Kohorst seconded the motion: The minutes were approved unanimously.

      Commissioner Hardman – Yes
      Commissioner Kohorst – Yes
      Commissioner Sellers – Yes
      Commissioner Bruner – Yes

Old Business:

Broadband Technology Opportunities Program (BTOP) Update - David Lingren
Initially when working with the National Telecommunications and Information Administration (NTIA), ICN thought all paperwork would be completed by the end of September. The documentation requirements did

get extended for an additional 60 days, which moves the due date to the end of November. ICN has a good, solid core network that not only handles today's needs but positions us for the future. ICN has improved connections to many of the schools that are on the ICN and will be able to meet their future bandwidth needs, so the project was successful. The project lasted for over three years. ICN anticipates by the end of November to be officially completed with the project.

> Chair Bruner: This has been a huge project and everyone involved did a great job. It was completed on time and under budget and Iowa now has a Network that is one of the best in the nation. On behalf of the Commission, I would like to thank the staff and everyone involved with the BTOP project.

Sale/Lease Update - David Lingren
Even though the Commission voted to reject the bids submitted, and the Governor has communicated that he concurred with the Commission, the RFP will remain open under the terms of the RFP until the legislature starts up in another few months.

New Business:

2013 Customer Survey Overview – Lori Larsen
The 2013 Customer Surveys indicated satisfaction rankings in the high 80 and 90 percent ranges for telecommunications services and customer service provided by the ICN. ICN sets a target of 85% satisfaction, which provides a performance goal for the State of Iowa's Accountable Government Act (AGA). Four surveys were sent to specialized groups within the ICN customer base; account consultant contacts, technical support contacts, billing contacts and video scheduling contacts.

The highest functional area satisfaction score was obtained by the Video Scheduling Performance (97.75%). With the exception of the video scheduling performance, all areas had a satisfaction score decrease from FY 13 from FY 12. The survey also asked for satisfaction rankings for the services provided by the ICN. The satisfaction scores for the services were for the most part comparable with scores from last year. Services mentioned most often that respondents were looking for include: web-based video conferencing, video recording, video streaming, and faster Internet.

This survey was developed and disseminated by ICN staff utilizing an online software tool with the window to respond between late April (when the survey tool was initially sent) and early May. A total of 3,483 surveys were sent out with 522 responses received, representing a 17 percent response rate overall, a 4 percent increase from FY 12. For the purpose of analysis, the results of all surveys were accumulated together.

- Almost 82% of users who responded to the question of the Value of ICN Services indicated that the value was either excellent or good, which is consistent with last year's satisfaction score.
- Almost 85% of the users indicated that they would be very likely or somewhat likely to recommend ICN services to decision makers in their organization or peers.
- Respondents were also asked regarding the impact a possible sale or lease of the ICN could have on their organization. Approximately 68 percent believed that there would be some sort of an impact on their organization's ability to accomplish their mission.

Overall ICN received good customer feedback. ICN administered the survey in similar fashion as past years. Larsen plans to work with the management team in regards to capturing instant electronic feedback after a user contacts a functional area. The survey was distributed to ICN staff and is posted on the ICN website.

RTC FY13 Annual Follow-up Reports – Lori Larsen
The RTC's Fiscal Year 2013 annual follow-up reports are being shared to conclude the activities of the fiscal year which ended June 30. All annual follow-up reports were due on July 31. Information from the 15 reports includes how the RTCs funding was spent. Many RTCs allocate the funds to cover portions of the salaries for the functions of video scheduling, video maintaining, and Local Area Network/Wide Area

Network support provided by the Area Education Agencies (AEAs). One RTC identified, "overall the required monthly reporting of RTC activities was helpful in gaining a better understanding of activities in each of the three areas, including more realistic benchmark of calls and requests from K-12 schools." One RTC returned $15,290.89. Since the funding was not spent within the fiscal year, it reverted to the State of Iowa General Fund, as required.

A question within the annual report asked the RTCs to describe current challenges. One of the RTCs desired to have a how-to binder in each classroom that contains information about best teaching practices (on the ICN) and contact information. Ten out of fifteen RTCs identified the age and condition of the video equipment made it difficult for them to maintain the video functionality. Also, an AEA identified the growing demand on bandwidth is a challenge.

Another question within the annual report asked about changes or improvements. Some RTCs anticipate no changes. Others indicated that they plan to convert video site within the community colleges to the IP platform, or they will be encouraging schools in their area to convert. RTCs also want to increase communications between originator and remote sites, and schedule more preventative maintenance trips to make sure the rooms are in good working condition.

ICN staff forwarded the annual reports to the Education Telecommunications Council's chair with the goal to help facilitate the communications between the ETC and RTCs.

RTC FY14 Budgets – Lori Larsen

ICN received all 15 RTC budget requests by September 1 for fiscal year 2014. This is the second year of ICN administrating the RTC funding, which is a pass-through appropriation. ICN established reporting changes to reduce the reporting time burdens. The changes will continue to provide a level of accountability and transparency needed for this funding.

Funding will be dispersed in two segments, and the total funding amount for FY 14 is $992,913. As discussed in the May Commission meeting, there are three documentation elements, the budget, the semi-annual report, and the RTC annual report.

The handouts provide the requested budget allocation breakouts for the various support functions, which were approved by the 15 separate RTC councils earlier this year. ICN staff has reviewed the RTC budget information received. Staff recommends that the Commission approves the 15 RTC budgets, and in addition approves the distribution of the first half of the allocation.

Commissioner Hardman moved to approve the 15 RTC budgets, and the distribution of the first half of the allocation associated with the funding. Commissioner Kohorst seconded the motion. The motion was approved unanimously.

      Commissioner Hardman – Yes
      Commissioner Kohorst – Yes
      Commissioner Sellers – Yes
      Commissioner Bruner – Yes

Regional Telecommunications Council (RTC) Funding Change – Mark Johnson

The RTC funding process is really education funding. A couple years ago ICN accepted the transition of this responsibility from Iowa Public Television (IPTV) as they were trying to move away from the responsibility for the funding. ICN has had conversations with the Department of Education (DOE), since the funding is more of an education issue as it relates to the community colleges. The DOE has agreed to take responsibility for the RTC funding and ICN will be working with the Department of Management (DOM) to transition that funding. The legislature will have to approve the transition, which will also eliminate questions that ICN receives each year in terms of the receipt of general fund money. ICN does not receive any of those dollars; it is just a pass-through that ICN is administering.

Contract Limitation Amount Publication – Mark Johnson
As discussed at the last Commission meeting, ICN has moved forward with the Contract Limitation Amount publication. It is an informational item that is published in the Administrative Rules Bulletin. The increase was 1.8 percent and that would take ICN up to $2.245 million, which is a $40,000 increase over last year's Contract Limitation Amount. This was published in the August 21, 2013 Administration Bulletin, so that duty has been taken care of and that is the contract limit amount that ICN will be working under for the next year. ICN does have one item that was approved last year, so there is specific legislative approval needed related to the Unified Communications Project.

Appropriation Redistribution – Mark Johnson
The Infrastructure Appropriation is slightly over $2 million, and ICN has requested this funding on an annual basis. Almost half of those dollars goes to Communications cost for the Capitol Complex and state agencies, and the other half goes for the qualified investment that the State of Iowa is required to make in order to qualify for E-Rate funding. ICN will be redrafting the appropriation request language to make it more general to administer. The appropriation will be for the same purpose; about half of it will be for complex state agency telecommunications and the other half will be for approved investments that allow the withdrawn of the E-Rate funding. The Legislative language will not change. ICN staff plans to restructure internal documentation and it will be sent to Department of Management. This is what ICN provides to the Legislature in terms of describing how the funds will be used. The actual state agency Capitol Complex Communications funding is one that ICN will be wrapping up over the next few years as ICN moves to managed services. The goal is to move away from requesting this portion of the appropriation; ICN would then only be requesting dollars for the qualified investment funding to draw down the federal E-rate funds.

> *Discussion*
> **Q: Commissioner Bruner:** Great, the E-Rate funding has been somewhat of a mystery at the Legislature, has it not?
> **A: Mark Johnson:** It is an issue that the Legislature takes up once a year and since it is something that is not dealt with, yes there are questions. The Department of Education (DOE) also receives $2.7 million that draws down some federal dollars as well. To describe the issue, ICN staff usually has to start from the beginning and make sure everyone understands what it is for. It is always important to describe what the funding is being used for; it is not for the operation of the Network. The funding does have a specific purpose and there is a need for it.
> **Q: Commissioner Bruner:**
> Does ICN know how much money comes into the state through E-Rate as a result of ICN making that investment?
> **A: Philip Groner:** It is about $5 to $6 million per year of what E-Rate support is for ICN services to our authorized users eligible for E-Rate services.
> **Commissioner Bruner:** For ICN spending $1 million, the schools receive about $5 million, is that correct?
> **A: Philip Groner:** Yes
> **A: David Lingren:** The total E-Rate funding statewide for all telecom carriers would exceed $100 million. ICN is a very small part of E-Rate funding.

Approval of FY15 Video Rates – Philip Groner
The document labeled *Comments for ICN's Fiscal Year 2015 Video Pricing* was discussed. ICN used the Customer Survey Distribution List to send out the solicitation for video comments via e-mail. The packet is the result of the comments received. In general the responses were positive. Most comments received were, "Leave things alone" and "Things seemed appropriate," which ICN was pleased to see especially with our Internet Protocol (IP) Rates. There were a couple comments that were interesting; one comment stated, "We no longer use ICN videoconferencing." Philip wanted to bring attention to those comments and include those comments being the reason ICN has the IP video offering. These are customers ICN will be targeting regarding the IP service. Larry Niebur, a long-time employee from Area Education Agency 267 had some very specific comments about hourly rating.

Discussion moved to the *Recommendation for FY15* Moving *Picture Experts Group (MPEG) Videoconference Rates* handout. ICN is recommending keeping MPEG video rates the same as FY14 and that is shown from the base rate all the way to our federal and telemedicine rates. ICN requests that those rates remain the same, no adjustments up or down on any category with MPEG rates.

> *Discussion*
> **Q: Commissioner Bruner-** I know ICN is trying to eliminate MPEG eventually as IP Video is brought in. Will MPEG rates remain the same? Is a migration strategy in place?
> **A: Philip Groner-** There will be a migration strategy; when the adoption of IP reaches a certain critical mass. That is when ICN will start to look at sun-setting MPEG. Typically when one sunsets a product or service they start adjusting the pricing, and start calling it a legacy service, the price for the legacy service may be higher than the IP rate. ICN certainly does not feel we are there yet, there are still hundreds of thousands of hours of usage on MPEG. At some point in the future, anticipate in the next two – three fiscal years, to start discussing sun setting the product.

Discussion moved to the *Proposed IP Video Rates for 2013* handout. The Commission and ICN revisit video rates yearly. The good news is ICN is not recommending or asking for any dollar amount changes. This is more defined as to what ICN can and cannot do with IP today. ICN has added the comment *Reserved for Future Product Development* to some of these categories. New updates to our product and services will be available quarterly. At that time, ICN will have these categories and services made available, and will remove the *Reserve for Future Use* comment since it will be widely available to all our users.

Discussion moved to the statement, *Optional IP Video Connectivity Cost*. There is an adjustment to this cost. Previously ICN wanted to offer multiple options: a 1MEG, 2 MEG or 4 MEG option to dedicate video bandwidth to. These options were not enough. ICN is proposing eliminating those three levels, and replacing with a single level of 5 MEG service. At 5 MEG, ICN recommends keeping the price of $58 which was at the 2 MEG level.

Discussion moved to the Video @Lightspeed 1.0 [V@LS 1.0], this is the service that is currently available. Today ICN offers Standard Definition Service (SD). This is available in FY 14. The other categories have been relabeled, for instance the 720p option is reserved for Video @Lightspeed 2.0 [V@LS 2.0]. As ICN's Product Engineering & Delivery team releases Video @Lightspeed 2.0 [V@LS 2.0] that will become available as well. There are no dollar amount changes on any of these products. There were no changes to the Lease Options pricing, the E-Rate for IP Video is reserved for future product use. The *Enterprise Room Control (ERC)* marked for *Future Product Development and Future Releases* as well, as is the Tiered Fixed for IP Video. That is marked as *Reserved for Future Product Development*.

Discussion changed to the *Hourly IP Video Rates* section. ICN was striving to give customers options. One option that was considered was, could ICN make an offering that closely matched what customers were used to today. Under MPEG, customers pay an hourly rate, so could that be done under IP? ICN determined it does not have the capability to have a rating engine to give the Finance team the information to break out an IP videoconference on an hourly basis. In addition to that, ICN has not found any service provider that is offering IP video at an hourly rate, it is all flat-monthly rated. ICN's recommendation is to remove the option for hourly IP video rates.

> *Discussion*
> **Q: Commissioner Hardman:** Do you think this will change?
> **A: Philip Groner:** No, I do not believe it will change. I do not believe that there is a billing system out there. Our IP platform cannot give the file in an appropriate format and rating systems are not there to allow it to be broken up that way.

Commissioner Kohorst moved to approve the Fiscal Year15 Video Rates and MPEG Rates; Commissioner Sellers seconded the motion. The motion was approved unanimously.

Commissioner Hardman – Yes
Commissioner Kohorst – Yes
Commissioner Sellers – Yes
Commissioner Bruner – Yes

Finance Update – Deb Evans

As we are at the end of the fiscal year, there is not a budget to actual available. Adjustments and journal entries are still being entered verifying accuracy. Finance is also putting together the Generally Accepted Accounting Principles (GAAP) package and is ready to enter the FY15 budget. In the spring, Finance staff will have a chance to receive comments and input from ICN management staff and the Commission. Finance is finishing up the last of the Broadband Technology Opportunities Program (BTOP) reporting.

Finance recently finalized ICN's appropriations and the Department of Management (DOM) has approved the rollover of the funds to the next year. ICN is working on a change to the language on the equipment appropriation to more general language. ICN's Engineering and Finance departments are working on evaluating items to better use the appropriation efficiently. Finance has received the final report from the FY12 audit from the State Auditor's Office. ICN had three non-reportable items; two have already been fixed for FY13. Finance is still working on one of the issues that will probably receive a follow-up comment for FY13. By the end of next week the Commission should receive the end of year report and then the Commission will receive a separate August budget-to-actual, and the final budget-to-actual for FY13.
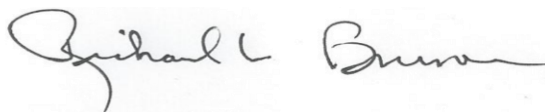
Other Business – Chair Bruner

Chair Bruner wanted to make a comment stating that the Commissioners had the opportunity to see a demonstration of the new technology located in the ICN's Director's Conference Room earlier in the day. The Communications Team (Darcy Pech and Lori Larsen) presented a very good overview of the technology.   It is exciting to see this Thompson conference room [with MPEG technology] verses what the new IP conference rooms are going to look like in the future.

Adjournment

Commissioner Sellers moved that the meeting be adjourned. The ITTC meeting adjourned at 11:13 a.m.

ATTESTED TO:

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Richard Bruner, Chair, Iowa Telecommunications and Technology Commission